

TOWN OF WOODBURY, TENNESSEE

Annual Financial Report

For the Year Ended June 30, 2018

TOWN OF WOODBURY, TENNESSEE

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INTRODUCTORY SECTION

TOWN OF WOODBURY, TENNESSEE

Officials of the Town of Woodbury, Tennessee

June 30, 2018

Name

Title

Elected Officials:

Andrew Duggin

Mayor

LuAnn Curlee

Alderman

Harold Patrick

Alderman

Faye Knox

Alderman

Adam Melton

Alderman

Lois Larimer

Alderman

Dotty Duggin

Alderman

Management:

Charlene Odom

Town Recorder and CMFO

FINANCIAL SECTION

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
HENDERSONVILLE, TN 37075

(615) 822-4177

Independent Auditor's Report

Mayor and Board of Aldermen of the
Town of Woodbury, Tennessee
Woodbury, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, and each major fund of the Town of Woodbury, Tennessee as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business - type activities, and each major fund of the Town of Woodbury, Tennessee as of June 30, 2018, and the respective changes in financial position and, where applicable, the cash flows thereof and the respective budgetary comparison for the General Fund, State Street Aid Fund, Solid Waste Fund, and the Drug Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters -Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information which includes the Management's Discussion and Analysis and the Schedule of Changes in Net Pension Liability (Asset) and the Schedule of Contributions to the Employee Pension Plan and the Schedule of Changes in Total Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge we obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Matters -Other Information

The audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Introductory Section and the Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Introductory Section and the Supplementary Information (except for the Schedule of Unaccounted for Water) have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Introductory Section and the Supplementary Information (except for the Schedule of Unaccounted for Water), is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Unaccounted for Water has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 31, 2018 on the consideration of the Town of Woodbury's internal control over financial reporting and the tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance.

Jah R Poole, CPA

October 31, 2018

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

TOWN OF WOODBURY, TENNESSEE

Management's Discussion and Analysis

As management of the Town of Woodbury, Tennessee (the Town) we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Town. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

Financial Highlights:

The assets of the Town of Woodbury exceeded its liabilities at the close of the most recent fiscal year by \$13,801,200. Of this amount, \$7,542,311 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net position increased by \$686,880, as a result of the Town's strong local economy and an increase in user charges. Governmental expenses were higher in the current year due to higher police department expenses. Utility expenses were \$27,796 lower due to decreased repair and maintenance costs. An analysis of revenues and expenses for the governmental and utility operations of the Town are included in this Management Discussion and Analysis.

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$3,490,287, an increase of \$65,448 in comparison to the prior year. The increase was due to an increase in local revenues. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,136,994 or 273% of the total general fund expenditures.

The Town made capital asset purchases totaling \$387,682. The Town's total debt decreased by \$182,630 during the current fiscal year. The Town is paying all debts on schedule.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the Town of Woodbury's basic financial statements. The Town's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The Statement of Net position presents information on all the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Cash Flows presents the flow of cash inflows/outflows for all enterprise funds during the fiscal year.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax). Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Woodbury include general government, personnel, finance, parks, planning, police, fire, disposal service, streets and public works. The government-wide financial statements can be found on pages 11-12 of this report. A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated from specific activities or objectives. The Town of Woodbury, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town are governmental funds.

Governmental Funds are funds used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the funds all of which are considered to be major funds.

The Town of Woodbury adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic financial statements can be found on pages 14-20 of this report. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-48 of this report.

Financial Analysis of the Financial Statements--Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Town of Woodbury, assets exceeded liabilities by \$13,801,200 at the close of the most recent fiscal year. By far the largest portion of the Town’s assets reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Financial Analysis of the Financial Statements -- Town of Woodbury’s Net position -2017

	Governmental <u>Activities</u>	Business -Type <u>Activities</u>
Current and other assets	\$ 3,902,669	3,962,916
Capital assets	<u>727,706</u>	<u>8,357,117</u>
Total assets	4,630,375	12,320,033
 Deferred outflows	 165,397	 158,910
Long-term liabilities outstanding	0	3,222,393
Other liabilities	<u>63,818</u>	<u>38,853</u>
Total liabilities	63,818	3,261,246
 Deferred inflows:	 596,862	 180,963
 Net position:		
Net investment in capital assets		
	727,706	5,134,724
Restricted	407,166	-
Unrestricted	<u>3,000,220</u>	<u>3,902,010</u>
Total net position	\$ 4,135,092	9,036,734

Financial Analysis of the Financial Statements -- Town of Woodbury's Net position -2018

	Governmental <u>Activities</u>	Business -Type <u>Activities</u>
Current and other assets	\$ 4,069,848	4,468,984
Capital assets	<u>829,910</u>	<u>8,157,457</u>
Total assets	4,899,758	12,626,441
 Deferred outflows	 154,022	 142,174
Long-term liabilities outstanding	0	3,039,763
Other liabilities	<u>94,700</u>	<u>103,517</u>
Total liabilities	94,700	3,143,280
 Deferred inflows:	 604,425	 178,790
Net position:		
Net investment in capital assets	829,910	5,117,694
Restricted	311,285	-
Unrestricted	<u>3,213,460</u>	<u>4,328,851</u>
Total net position	<u>\$ 4,354,655</u>	<u>9,446,545</u>

At the end to the current fiscal year, the Town is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

The assets of the Town of Woodbury exceeded its liabilities at the close of the most recent fiscal year by \$13,801,200. Of this amount, \$7,542,311 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

	2018 Governmental Activities	2017 Governmental Activities	Change Between Years	2018 Business- Type -Activities	2017 Business- Type -Activities	Change Between Years
Revenues:						
Charges for services	114,189	82,353	31,836	2,118,075	1,810,704	307,371
Operating grants and contributions	109,816	90,701	19,115	0	0	0
Capital grants and contributions	0	0	0	0	0	0
Property taxes	482,047	492,783	(10,736)	0	0	0
Sales taxes	634,138	687,520	(53,382)	0	0	0
State and Local assessed taxes	232,259	221,726	10,533	0	0	0
Other revenues	8,752	14,730	(5,978)	16,743	13,163	3,580
Total Revenues	<u>\$1,581,201</u>	<u>\$1,589,813</u>	<u>(\$8,612)</u>	<u>\$2,134,818</u>	<u>\$1,823,867</u>	<u>\$310,951</u>
Expenses:						
Current:						
General government	394,796	373,490	21,306	0	0	0
Police department	537,754	484,287	53,467	0	0	0
Fire department	106,249	106,334	(85)	0	0	0
Streets	81,288	125,606	(44,318)	0	0	0
Parks and recreation	19,701	18,449	1,252	0	0	0
Solid Waste	206,240	197,034	9,206	0	0	0
Water and Sewer	0	0	0	1,683,111	1,710,907	(27,796)
Total Expenses:	<u>\$1,346,028</u>	<u>\$1,305,200</u>	<u>\$40,828</u>	<u>\$1,683,111</u>	<u>\$1,710,907</u>	<u>(\$27,796)</u>
 Excess (deficiency) of revenues over expenditures	 <u>235,173</u>	 <u>284,613</u>	 <u>(49,440)</u>	 <u>451,707</u>	 <u>112,960</u>	 <u>338,747</u>

Financial Analysis of the Financial Statements

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the Town of Woodbury's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements in particular, unassigned fund balance may serve as a useful measure to a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town's. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,136,994 or 273% of the total general fund expenditures.

Governmental Budgetary Highlights

The Town amended several of its departmental budgets during the year to account for several purchases. For a further analysis see pages 21-26.

Capital Asset and Debt Administration

Capital Assets

The Town of Woodbury's investment in capital assets from its governmental activities at June 30, 2018, amounts to \$829,910 (net of accumulated depreciation) and its business-type activities amounts to \$8,157,457. This investment in capital assets is in land, buildings, improvements, machinery and equipment.

Town of Woodbury's Capital Assets – 2017

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Land and buildings	\$ 888,286	16,562,417
Equipment	<u>885,528</u>	<u>475,952</u>
Less accumulated depreciation	(1,046,108)	(8,681,252)
Net Capital Assets	\$ <u>727,706</u>	\$ <u>8,357,117</u>

Town of Woodbury's Capital Assets – 2018

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Land and buildings	\$1,034,578	16,737,892
Equipment	<u>891,453</u>	<u>505,952</u>
Less accumulated depreciation	(1,096,121)	(9,086,387)
Net Capital Assets	\$ <u>829,910</u>	\$ <u>8,157,457</u>

Additional information on the Town of Woodbury's capital assets can be found in the notes to the financial statements section of this report.

Long-term Debt

The Town has long-term debt in the amount of \$3,039,763 all of which was used to finance construction of the Utility system. All debts are being paid as scheduled.

Additional information on the Town of Woodbury's long-term debt can be found in the notes to the financial statements section of this report.

Economic Factors and Next Year's Budget and Rates

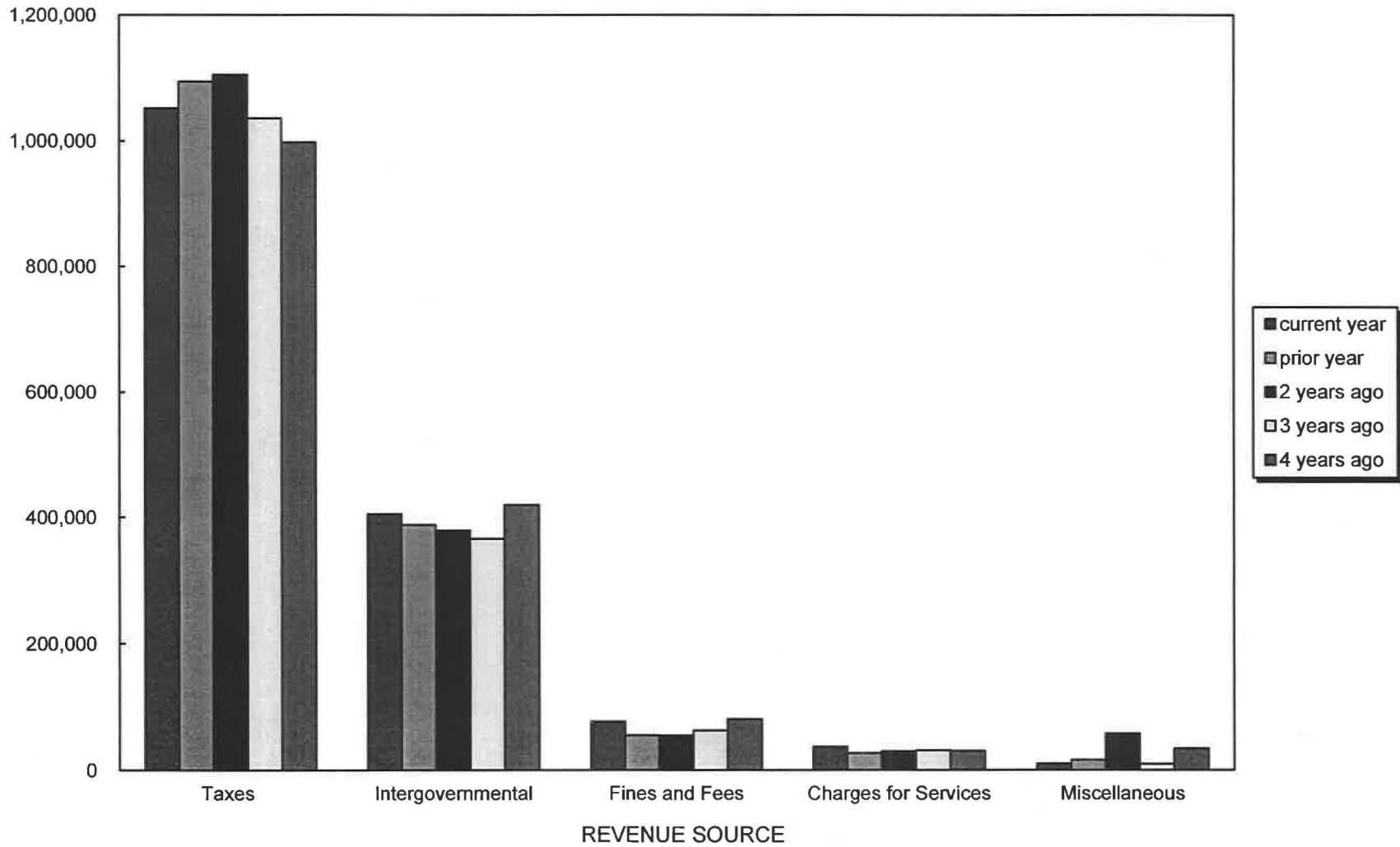
In the 2018-2019 budget, General fund revenues are budgeted to increase from the 2017-2018 budget year primarily due to increases in local and state shared revenue. The Town's budget is growing by an expanding commercial and retail base producing higher local sales tax receipts, and, offset by a growing State economy resulted in the State of Tennessee reducing the amount of taxes shared with municipalities for this next fiscal year. All of these factors were considered in preparing the Town's budget for the 2018-2019 fiscal year.

Requests for Information

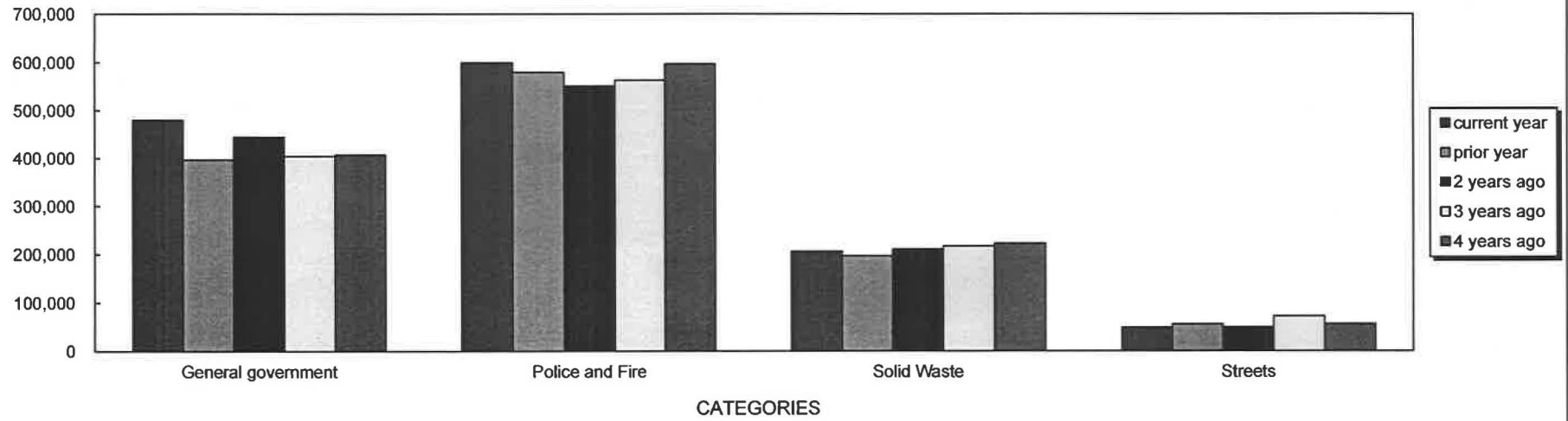
This financial report is designed to provide a general overview of the Town of Woodbury, Tennessee's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Charlene Odom
Town of Woodbury

**TOWN OF WOODBURY
GOVERNMENTAL FUND REVENUES**



**TOWN OF WOODBURY
GOVERNMENTAL FUND EXPENDITURES**



BASIC FINANCIAL STATEMENTS

TOWN OF WOODBURY, TENNESSEE

Statement of Net Position

June 30, 2018

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and cash equivalents	2,683,842	1,202,005	3,885,847
Certificate of deposit	642,918	2,791,940	3,434,858
Receivables	564,093	306,156	870,249
Internal balances	31,226	(31,226)	0
Inventory	0	62,544	62,544
Prepaid assets	52,371	49,505	101,876
Net pension asset	95,398	88,060	183,458
Capital assets not being depreciated	111,344	362,198	473,542
Capital assets, net of accumulated depreciation	<u>718,566</u>	<u>7,795,259</u>	<u>8,513,825</u>
Total Assets	<u>4,899,758</u>	<u>12,626,441</u>	<u>17,526,199</u>
Deferred Outflows			
Deferred outflow of resources - OPEB	33	30	63
Deferred outflow of resources - pension	153,989	142,144	296,133
Total Deferred Outflows	<u>154,022</u>	<u>142,174</u>	<u>296,196</u>
<u>Liabilities, Deferred Inflows, Net Position</u>			
Liabilities			
Accounts payable	27,549	43,219	70,768
Accrued expenses	51,842	46,166	98,008
Total OPEB liability	15,309	14,132	29,441
Long-term liabilities:			
Due within one year	0	190,887	190,887
Due in more than one year	0	2,848,876	2,848,876
Total Liabilities	<u>94,700</u>	<u>3,143,280</u>	<u>3,237,980</u>
Deferred Inflows			
Deferred inflow of resources - property taxes	410,736	0	410,736
Deferred inflows - OPEB	1,519	1,402	2,921
Deferred inflow of resources - pension	192,170	177,388	369,558
Total Deferred Inflows	<u>604,425</u>	<u>178,790</u>	<u>783,215</u>
Net Position:			
Net Investment in Capital Assets	829,910	5,117,694	5,947,604
Restricted - State Street Aid	257,081	0	257,081
Restricted - Drug Fund	23,494	0	23,494
Restricted - Solid Waste Fund	30,710	0	30,710
Unrestricted	3,213,460	4,328,851	7,542,311
Total Net Position	<u>4,354,655</u>	<u>9,446,545</u>	<u>13,801,200</u>

See accompanying notes to financial statements.

TOWN OF WOODBURY, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2018

Function/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		Total	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Business-Type Activities
Government Activities:							
General government	377,296	0	2,701	0	(374,595)	0	(374,595)
Police	537,754	76,606	11,852	0	(449,296)	0	(449,296)
Fire	106,249	510	0	0	(105,739)	0	(105,739)
Solid waste	206,240	37,073	0	0	(169,167)	0	(169,167)
Donations	17,500	0	0	0	(17,500)	0	(17,500)
Parks and recreations	19,701	0	0	0	(19,701)	0	(19,701)
Streets	81,288	0	95,263	0	13,975	0	13,975
Total Governmental Activities	1,346,028	114,189	109,816	0	(1,122,023)	0	(1,122,023)
Business - type Activities:							
Water and Sewer	1,683,111	2,118,075	0	0	0	434,964	434,964
Total Business Type Activities	1,683,111	2,118,075	0	0	0	434,964	434,964
Total	3,029,139	2,232,264	109,816	0	(1,122,023)	434,964	(687,059)
General Revenues:							
Property taxes					436,854	0	436,854
Public utility tax					45,193	0	45,193
Sales taxes					634,138	0	634,138
Business taxes					57,022	0	57,022
Beer taxes					141,743	0	141,743
State income and excise taxes					33,494	0	33,494
Interest income					6,543	16,743	23,286
Other					2,209	0	2,209
Total general revenues					1,357,196	16,743	1,373,939
Changes in Net Position					235,173	451,707	686,880
Net Position - beginning of year					4,135,092	9,036,734	13,171,826
Restatement					(15,610)	(41,896)	(57,506)
Net Position - beginning of year, as restated					4,119,482	8,994,838	13,114,320
Net Position - ending of year					4,354,655	9,446,545	13,801,200

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

TOWN OF WOODBURY, TENNESSEE

Balance Sheet

Governmental Funds

June 30, 2018

	General Fund	State Street Aid Fund	Drug Fund	Solid Waste Fund	Total
<u>Assets</u>					
Cash and cash equivalents	\$2,397,589	\$246,282	\$23,494	\$16,477	\$2,683,842
Certificates of deposit	642,918	0	0	0	642,918
Accounts receivable:					
Property taxes receivable	437,254	0	0	0	437,254
Other governments	110,672	15,785	0	0	126,457
Other receivables	382	0	0	0	382
	548,308	15,785	0	0	564,093
Prepaid assets	42,008	0	0	10,363	52,371
Due from other funds	31,427	0	0	9,771	41,198
Total Assets	\$3,662,250	\$262,067	\$23,494	\$36,611	\$3,984,422
<u>Liabilities, Deferred Inflows and Fund Balance</u>					
Liabilities:					
Accounts payable	\$26,634	\$0	\$0	\$915	\$27,549
Accrued expenses	19,360	0	0	0	19,360
Due to other funds	0	4,986	0	4,986	9,972
Total Liabilities	45,994	4,986	0	5,901	56,881
Deferred Inflow of Resources:					
Deferred current property taxes	410,736	0	0	0	410,736
Deferred delinquent property taxes	26,518	0	0	0	26,518
Total Deferred Inflow of Resources	437,254	0	0	0	437,254
Fund Balance:					
Unassigned	3,136,994	0	0	0	3,136,994
Non-spendable	42,008	0	0	0	42,008
Restricted	0	257,081	23,494	30,710	311,285
Total Fund Balance	3,179,002	257,081	23,494	30,710	3,490,287
Total Liabilities, Deferred Inflows and Fund Balance	\$3,662,250	\$262,067	\$23,494	\$36,611	\$3,984,422

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF WOODBURY, TENNESSEE

**Reconciliation of the Balance Sheet to the Statement of Net Position
of Governmental Activities**

June 30, 2018

Amounts reported for fund balance - total governmental funds	\$ <u>3,490,287</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Other long term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds	26,518
Pension related accounts - governmental funds to not record these post-benefit obligations	
Net pension asset	95,398
Deferred outflow - pension	153,989
Deferred inflow - pension	(192,170)
OPEB related accounts - governmental funds to not record these post-benefit obligations	
Total OPEB Liability	(15,309)
Deferred outflow - OPEB	33
Deferred inflow - OPEB	(1,519)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not recorded in the funds	
Accrued vacation time	(32,482)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	<u>829,910</u>
Net Position of governmental activities	\$ <u><u>4,354,655</u></u>

See accompanying notes to financial statements.

TOWN OF WOODBURY, TENNESSEE

**Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds**

For the Year Ended June 30, 2018

	<u>General Fund</u>	<u>Street Aid Fund</u>	<u>Drug Fund</u>	<u>Solid Waste Fund</u>	<u>Total Governmental Activities</u>
Revenues:					
Taxes	1,051,740	0	0	0	1,051,740
Intergovernmental	315,339	89,871	0	0	405,210
Fines and fees	71,124	0	5,992	37,073	114,189
Miscellaneous	10,062	0	0	0	10,062
Total revenues	<u>\$1,448,265</u>	<u>\$89,871</u>	<u>\$5,992</u>	<u>\$37,073</u>	<u>\$1,581,201</u>
Expenditures:					
Current:					
General government	442,675	0	0	0	442,675
Police	500,320	0	4,524	0	504,844
Fire	94,588	0	0	0	94,588
Solid Waste	0	0	0	206,240	206,240
Parks and recreations	19,701	0	0	0	19,701
Streets	38,675	9,323	0	0	47,998
Donations	17,500	0	0	0	17,500
Capital outlay:					
Streets	0	146,292	0	0	146,292
Police	35,915	0	0	0	35,915
Total expenditures	<u>\$1,149,374</u>	<u>\$155,615</u>	<u>\$4,524</u>	<u>\$206,240</u>	<u>\$1,515,753</u>
Excess (deficiency) of revenues over expenditures	<u>298,891</u>	<u>(65,744)</u>	<u>1,468</u>	<u>(169,167)</u>	<u>65,448</u>
Operating transfer	(137,562)	0	0	137,562	0
Net change in fund balance	<u>161,329</u>	<u>(65,744)</u>	<u>1,468</u>	<u>(31,605)</u>	<u>65,448</u>
Fund balance, beginning of year	3,017,673	322,825	22,026	62,315	3,424,839
Fund balance, end of year	<u>\$3,179,002</u>	<u>\$257,081</u>	<u>\$23,494</u>	<u>\$30,710</u>	<u>\$3,490,287</u>

See accompanying notes to financial statements.

TOWN OF WOODBURY, TENNESSEE

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities**

For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds:	\$	65,448
 Amounts reported for governmental activities in the statement of net position are different because:		
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		(3,275)
 Expenses reported in the statement of activities that affect accrued liabilities that are not reported as expenditures in the governmental funds		
Change in vacation accrual		(9,524)
Change in pension plan accrual		81,505
Change in OPEB accounts		(1,185)
 Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Acquisition of capital assets		182,207
Depreciation expense		<u>(80,003)</u>
 Change in Net Position of governmental activities	 \$	 <u>235,173</u>

See accompanying notes to financial statements.

TOWN OF WOODBURY, TENNESSEE

Statement of Net Position

Proprietary Fund

June 30, 2018

<u>Assets</u>	<u>Water and Sewer Fund</u>
Current Assets:	
Cash and cash equivalents	\$1,202,005
Certificate of deposit	2,791,940
Customer accounts receivable, net of allowance of \$228,777	306,156
Prepaid assets	49,505
Inventory	62,544
Total Current Assets	<u>4,412,150</u>
Capital Assets:	
Utility plant in service	17,243,844
Less accumulated depreciation	(9,086,387)
Total Capital Assets, Net	<u>8,157,457</u>
Other assets: Net pension asset	<u>88,060</u>
Total Assets	<u><u>\$12,657,667</u></u>
Deferred Outflows:	
Deferred outflows - pension	142,144
Deferred outflows - OPEB	30
Total Deferred Outflows	<u>\$142,174</u>
Liabilities:	
Accounts payable	\$43,219
Accrued expenses	46,166
Due to other funds	31,226
Total OPEB liability	14,132
Long-term debt due within one year	190,887
Long-term debt due in more than one year	2,848,876
Total Liabilities	<u>3,174,506</u>
Deferred Inflows:	
Deferred inflows - pension	177,388
Deferred inflows - OPEB	1,402
Total Deferred Inflows	<u>\$178,790</u>
Net Position:	
Net investment in capital assets	5,117,694
Restricted - pension	52,816
Unrestricted	4,276,035
Total Net Position	<u>9,446,545</u>

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF WOODBURY, TENNESSEE

**Statement of Revenues, Expenses
and Changes in Net Position**

Enterprise Fund - Water and Sewer

For the Year Ended June 30, 2018

	<u>Water and Sewer Fund</u>
Operating Revenues:	
Metered sales	\$1,939,379
Tap and turn-on fees	115,100
Other revenue	63,596
Total Operating Revenues	<u>2,118,075</u>
Operating Expenses:	
Salaries	518,225
Employee benefits	129,328
Water purchased	47,289
Dues	11,252
Utilities	146,364
Professional services	20,206
Uniforms	10,361
Training & travel	2,910
Insurance	61,343
Repair and maintenance	43,355
Supplies	132,531
Office expense	17,216
Vehicle expenses	19,151
Miscellaneous	6,324
Depreciation	405,135
Total Operating Expenses	<u>1,570,990</u>
Operating income (loss)	<u>547,085</u>
Nonoperating Revenues (Expenses):	
Interest expense	(112,121)
Interest income	16,743
Total Nonoperating Revenues (Expenses)	<u>(95,378)</u>
Net change in Net Position	451,707
Net Position, July 1, 2017	<u>9,036,734</u>
Restatement	(41,896)
Net Position, July 1, 2017 as restated	8,994,838
Net Position, June 30, 2018	<u>\$9,446,545</u>

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF WOODBURY, TENNESSEE

Statement of Cash Flows

Proprietary Fund Type

Water and Sewer Fund

For the Year Ended June 30, 2018

	<u>Water and Sewer Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	2,118,075
Cash paid to suppliers	(784,764)
Cash paid to employees	(647,553)
Net Cash Provided (Used) by Operating Activities	<u>685,758</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(205,475)
Interest paid	(112,121)
Repayment of debt	(182,630)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(500,226)</u>
Cash Flows Provided (Used) from Investing Activities:	
Purchase of Certificate of Deposits	(12,645)
Interest received	16,743
	<u>4,098</u>
Net Change in Cash	<u>189,630</u>
Cash and Cash Equivalents, July 1, 2017	1,012,375
Cash and Cash Equivalents, June 30, 2018	<u>1,202,005</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating income (loss)	547,085
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	405,135
Change in assets (increase) decrease:	
Receivables	(68,747)
Prepaid assets	(4,662)
Inventory	13,744
Net pension asset	(88,060)
Deferred outflows	16,736
Change in liabilities increase (decrease):	
Accounts payable	19,151
Accrued expenses	4,901
Due to other funds	(156,068)
Net pension liability	(1,284)
Deferred inflows	(2,173)
Net Cash Provided (Used) by Operating Activities	<u>685,758</u>

See accompanying notes to the financial statements.

TOWN OF WOODBURY, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual**

General Fund

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Revenues:				
Taxes:				
Property taxes	\$408,514	\$408,514	\$434,261	25,747
Public utility tax	54,145	54,145	14,803	(39,342)
Penalty and interest	2,400	2,400	2,593	193
Local sales tax	395,000	402,000	402,568	568
Franchise taxes	10,500	10,500	12,814	2,314
Beer and liquor taxes	185,390	142,090	140,493	(1,597)
Business taxes	51,825	51,825	44,208	(7,617)
Total Taxes	1,107,774	1,071,474	1,051,740	(19,734)
Intergovernmental:				
TVA in lieu	30,284	30,284	30,390	106
State sales tax	215,722	225,250	231,570	6,320
State income tax	26,200	26,200	14,807	(11,393)
Police supplement	4,800	4,800	4,800	0
State beer tax	1,340	1,340	1,250	(90)
State grants	15,000	15,000	8,443	(6,557)
State special petroleum taxes	5,494	5,494	5,392	(102)
Corporate excise tax	15,000	18,000	18,687	687
Total Intergovernmental Revenue	313,840	326,368	315,339	(11,029)
Fines and fees:				
Fire protection fees	1,000	1,000	510	(490)
City court	48,000	70,000	70,614	614
Total Fines and Fees	49,000	71,000	71,124	124
Miscellaneous:				
Miscellaneous	1,000	1,000	725	(275)
Donations	3,930	3,930	1,310	(2,620)
Sale of assets	1,000	1,000	1,484	484
Interest income	1,500	1,500	6,543	5,043
Total Miscellaneous Revenue	7,430	7,430	10,062	2,632
Total Revenues	1,478,044	1,476,272	1,448,265	(28,007)

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF WOODBURY, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued**

General Fund

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Expenditures:				
General Government:				
Current:				
Salaries	119,627	119,627	113,646	(5,981)
Payroll taxes	36,410	36,410	40,213	3,803
Employee benefits	159,575	159,575	161,244	1,669
Advertising	3,000	3,000	1,318	(1,682)
Professional services	28,250	31,255	27,170	(4,085)
Supplies	23,525	22,025	26,560	4,535
Vehicle expense	20,000	15,000	8,137	(6,863)
Uniforms	13,900	13,900	11,082	(2,818)
Travel and training	1,800	1,800	875	(925)
Repair and maintenance	5,000	1,000	473	(527)
Insurance	53,174	53,174	37,947	(15,227)
Utilities	14,000	13,000	10,573	(2,427)
Dues	3,450	3,450	3,437	(13)
Miscellaneous	2,800	2,800	0	(2,800)
	484,511	476,016	442,675	(33,341)
Capital outlay	0	0	0	0
Total General Government	484,511	476,016	442,675	(33,341)
Public Safety:				
Police Department:				
Current:				
Salaries	386,672	386,672	392,933	6,261
Contract services	50,004	50,004	50,003	(1)
Supplies and maintenance	22,250	23,250	10,519	(12,731)
Vehicle expenses	32,000	30,000	25,885	(4,115)
Uniforms	3,600	3,600	2,839	(761)
Utilities	4,500	4,500	3,599	(901)
Training	19,000	19,000	13,823	(5,177)
Miscellaneous	7,340	7,340	719	(6,621)
	525,366	524,366	500,320	(24,046)
Capital outlay	36,346	36,346	35,915	(431)
Total Police Department	561,712	560,712	536,235	(24,477)
Fire Department:				
Current:				
Salaries	37,500	28,500	26,803	(1,697)
Supplies	21,500	19,500	16,083	(3,417)
Repair and maintenance	12,000	10,500	6,707	(3,793)
Vehicle expense	18,600	18,600	18,188	(412)
Building lease	18,000	18,000	18,000	0
Utilities	10,000	10,000	8,161	(1,839)
Miscellaneous	2,500	3,000	646	(2,354)
	120,100	108,100	94,588	(13,512)
Capital outlay	0	0	0	0
Total Fire Department	120,100	108,100	94,588	(13,512)
Total Public Safety	681,812	668,812	630,823	(37,989)

Continued on next page

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF WOODBURY, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued**

General Fund

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
Expenditures, Continued:				
Streets:				
Current:				
Street lighting	37,000	37,000	33,297	(3,703)
Repair and maintenance	40,000	7,000	5,378	(1,622)
Other	0	0	0	0
	<u>77,000</u>	<u>44,000</u>	<u>38,675</u>	<u>(5,325)</u>
Capital outlay	0	0	0	0
Total Streets Department	<u>77,000</u>	<u>44,000</u>	<u>38,675</u>	<u>(5,325)</u>
Parks and Recreation:				
Current:				
Repair and maintenance	15,000	15,000	12,745	(2,255)
Fireworks show	7,650	7,650	6,956	(694)
	<u>22,650</u>	<u>22,650</u>	<u>19,701</u>	<u>(2,949)</u>
Capital outlay	0	0	0	0
Total Parks and Recreation	<u>22,650</u>	<u>22,650</u>	<u>19,701</u>	<u>(2,949)</u>
Donations	<u>17,500</u>	<u>17,500</u>	<u>17,500</u>	<u>0</u>
Total Expenditures	<u>1,283,473</u>	<u>1,228,978</u>	<u>1,149,374</u>	<u>(79,604)</u>
Excess (deficiency) of Revenues over Expenditures	194,571	247,294	298,891	51,597
Operating transfer - solid waste fund	(204,500)	(150,000)	(137,562)	12,438
Net change in fund balance	(9,929)	97,294	161,329	64,035
Fund Balance, July 1, 2017	<u>3,017,673</u>	<u>3,017,673</u>	<u>3,017,673</u>	<u>0</u>
Fund Balance, June 30, 2018	<u>\$3,007,744</u>	<u>\$3,114,967</u>	<u>\$3,179,002</u>	<u>\$64,035</u>

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF WOODBURY, TENNESSEE

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**

Drug Fund

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Revenues:				
Court fines	8,000	8,000	5,992	(2,008)
Total Revenues	8,000	8,000	5,992	(2,008)
 Expenditures:				
Current:				
Salaries	3,179	3,179	0	(3,179)
Supplies	5,000	5,000	4,524	(476)
Miscellaneous	1,500	1,500	0	(1,500)
	9,679	9,679	4,524	(5,155)
Capital outlay	0	0	0	0
Total Expenditures	9,679	9,679	4,524	(5,155)
Excess (deficiency) of revenues over expenditures	(1,679)	(1,679)	1,468	3,147
Fund Balance, July 1, 2017	22,026	22,026	22,026	0
Fund Balance, June 30, 2018	\$20,347	\$20,347	23,494	3,147

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF WOODBURY, TENNESSEE

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**

State Street Aid Fund

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Revenues:				
Gasoline .03 tax	20,079	20,079	16,163	(3,916)
Gasoline 1989 tax	12,524	12,524	8,686	(3,838)
Gasoline 2017 tax	0	0	12,808	12,808
Gasoline and motor fuel	56,373	56,373	52,214	(4,159)
Total Revenues	88,976	88,976	89,871	895
Expenditures:				
Streets:				
Current:				
Personnel costs	5,903	5,903	4,986	(917)
Street repairs	82,073	1,000	738	(262)
Vehicle expenses	1,000	1,000	82	(918)
Miscellaneous	0	3,600	3,517	(83)
	88,976	11,503	9,323	(2,180)
Capital outlay	0	147,000	146,292	(708)
Total Expenditures	88,976	158,503	155,615	(2,888)
Excess (deficiency) of revenues over expenditures	0	(69,527)	(65,744)	3,783
Fund Balance, July 1, 2017	322,825	322,825	322,825	0
Fund Balance, June 30, 2018	\$322,825	\$253,298	257,081	3,783

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF WOODBURY, TENNESSEE

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**

Solid Waste Fund

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Revenues:				
Charges for services	30,250	30,250	37,073	6,823
Total Revenues	30,250	30,250	37,073	6,823
Expenditures:				
Current:				
Salaries	99,743	92,986	91,818	(1,168)
Payroll taxes	7,631	7,631	6,721	(910)
Employee benefits	37,703	37,703	36,670	(1,033)
Vehicle expenses	25,000	14,500	11,667	(2,833)
Supplies	7,000	5,000	4,054	(946)
Insurance	13,000	13,000	11,486	(1,514)
Professional services	4,000	4,000	3,620	(380)
Landfill services	40,000	40,000	40,000	0
Miscellaneous	500	500	204	(296)
	234,577	215,320	206,240	(9,080)
Capital outlay	0	0	0	0
Total Expenditures	234,577	215,320	206,240	(9,080)
Excess (deficiency) of revenues over expenditures	(204,327)	(185,070)	(169,167)	15,903
Operating transfer in	204,500	204,500	137,562	(66,938)
Net change in fund balance	173	19,430	(31,605)	(12,175)
Fund Balance, July 1, 2017	62,315	62,315	62,315	0
Fund Balance, June 30, 2018	\$62,488	\$81,745	\$30,710	(63,210)

The notes accompanying the financial statements are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF WOODBURY, TENNESSEE

Notes to Financial Statements

June 30, 2018

Note (1) - Summary of Significant Accounting Policies

The Town of Woodbury, Tennessee, was founded in 1836 and incorporated in 1925. The Town is a municipal corporation. The Town provides the following services, as authorized by its charter and duly passed ordinances: public safety (Police and Fire), water and sewerage, streets, sanitation, recreations, public improvements, planning and zoning, and general administrative services. The accounting policies of the Town of Woodbury, Tennessee conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity:

In evaluating the Town as a reporting entity, management follows all applicable GASB statements and has addressed all potential component units (traditionally separate reporting entities) for which the Town may be financially accountable and, as such, should be included within the Town's financial statements. The Town (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose specific financial burden on the Town. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town has no component units at yearend.

Accounting Pronouncements:

Effective July 1, 2003 the Town adopted GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and 34, Statement No. 38, Certain Financial Statement Note Disclosures and Interpretation No. 6, Recognition and measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements. The requirements of these statements represent a significant change in the financial reporting model used by the Town. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and the economic measurement focus for all funds. The fund financial statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in one column. Other significant changes include the reporting of capital assets, infrastructure and depreciation, the elimination of account groups, and the inclusion of management's discussion and analysis.

Government -Wide and Fund Financial Statements

The Government-wide financial statements, the statement of Net position and the statement of changes in Net Position, report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

TOWN OF WOODBURY, TENNESSEE

Notes to Financial Statements

June 30, 2018

Note (1) - Summary of Significant Accounting Policies, Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (i) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund revenues are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes and most other governmental revenues as available if received within 60 days of year end. Expenditures are recorded generally when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, state shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

TOWN OF WOODBURY, TENNESSEE

Notes to Financial Statements

June 30, 2018

Note (1) - Summary of Significant Accounting Policies, Continued

The government reports the following major funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

State Street Aid Fund - To account for the receipt and usage of the Town's share of State gasoline taxes. State law requires these gasoline taxes to be used to maintain streets.

Drug Fund - To account for drug fines received and usage of those monies to further drug investigations.

Solid Waste Fund – To account for the Town's solid waste revenues.

The government reports the following major proprietary funds:

Water and Sewer Fund - This fund is used to account for the operations of the Water and Sewer Fund.

The Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments- in-lieu taxes and other charges between the government's utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (i) charges to customers or applicants for goods, services, or privileges provided, (ii) operating grants and contributions, and (iii) capital grants and contributions. General revenues include all taxes and internally dedicated resources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the various utility funds are charges to customers for sales and services. The Utility Fund also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

TOWN OF WOODBURY, TENNESSEE

Notes to Financial Statements

June 30, 2018

Note (1) - Summary of Significant Accounting Policies, Continued

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted funds are used the Town uses committed, assigned then unassigned funds.

Receivables and Payables

Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either due from/ due to other funds (i.e. the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources. All trade receivables are shown net of an allowance for uncollectible, if applicable.

Inventory

Inventory of the Utility Fund is valued at cost, using the first in first out method. Inventory of all the governmental funds consists of expendable supplies held for consumption and are recorded at cost under the consumption method.

Property Tax

The Town's property tax is billed each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the Town's legal boundaries. All Town taxes on real estate are declared to be a lien on such realty from January 1 of the year assessments are made.

Assessed values are established by the State of Tennessee at the following rates of appraised market value:

Public Utility Property	55%
Industrial and Commercial Property	
- Real	40%
- Personal	30%
Farm and Residential Property	25%

Taxes were levied at a rate of \$1.060 per \$100 of assessed valuation for the fiscal year ended June 30, 2018.

Payments may be made during the period from October 1 through February 28. Current tax collections of \$384,711 for the fiscal year ended June 30, 2018 were approximately 94 percent of the tax levy.

Delinquent taxes are turned over to the Town Attorney for collection as required by the Town's Municipal Code.

TOWN OF WOODBURY, TENNESSEE

Notes to Financial Statements

June 30, 2018

Note (1) - Summary of Significant Accounting Policies, Continued

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items (pension related and OPEB related) that qualifies for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. The Town has three items (property tax related, pension related and OPEB related) that qualifies for reporting in this category. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets consisting of certain improvements other than buildings, including roads, bridges, streets and sidewalks, and drainage systems are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an individual cost of \$500-10,000 (depending on the type of asset) and an estimated useful life in excess of three years. All fixed assets are valued at historical cost or estimated useful life in excess of three years. All fixed assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation is provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Infrastructure	40-50 years
Buildings	10-50 years
Utility Plant in Service	10-50 years
Furniture and Equipment	5-10 years

TOWN OF WOODBURY, TENNESSEE

Notes to Financial Statements

June 30, 2018

Note (1) - Summary of Significant Accounting Policies, Continued

Restricted Assets

Certain proceeds of the Enterprise Funds, as well as certain resources set aside for their repayment, are classified as restricted assets on their respective balance sheets because they are maintained in separate bank accounts and their use is either limited by applicable bond covenants or represent proceeds from bond issues that are restricted for use in construction.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of savings accounts, certificates of deposit with original maturities three months or less.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds and are presented in the accompanying financial statements as other assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist principally of cash and accounts receivable. The Town places its cash with federally-insured financial institutions, institutions participating in the State collateral pool. With respect to accounts receivable, credit risk is dispersed across a large number of customers concentrated within one area of service.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

TOWN OF WOODBURY, TENNESSEE

Notes to Financial Statements

June 30, 2018

Note (1) - Summary of Significant Accounting Policies, Continued

Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Formal budgets are adopted and approved by Council vote on an annual basis for the General and Special Revenue Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- b. The Town Council approves, by ordinance, total budget appropriations by department only. The Mayor is authorized to transfer budget amounts between line items within each department; however, any revisions that alter the total appropriations of any fund must be approved by the Town Council.
- c. The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

Compensated Absences

The Town has accrued a liability for unused sick and vacation pay which is earned, but not taken by Town employees.

	Balance July 1, <u>2017</u>	Addi- tions	Retire- ments	Balance June 30, <u>2018</u>
Governmental activities	22,958	9,524	-	32,482

Fund Balance

The Town implemented GASB 54 which addresses issues related to how fund balances are reported. Fund balances are now reported in the following manner:

Nonspendable fund balances – amounts that are not in a spendable form, Restricted fund balance – amounts constrained to specific purposes by their providers, provisions, or by enabling legislation, Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint, Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority, Unassigned fund balance – amounts that are available for any purpose; these amounts are reported only in the general fund.

Only by Board approval (via ordinance) can fund balance amounts be classified as committed or assigned. Board approval (via ordinance) is required to establish, modify or rescind a fund balance requirement.

TOWN OF WOODBURY, TENNESSEE

Notes to Financial Statements

June 30, 2018

Note (1) - Summary of Significant Accounting Policies, Continued

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Woodbury's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Woodbury's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Other Post-Employment Benefit Plan- (OPEB)

Plan description. The Town provides certain retiree health insurance benefits in a single employer defined benefit OPEB Plan through the LGIP which is administered by the State of Tennessee. All employees covered by the LGIP and hired prior to July 1, 2015 are covered by the OPEB Plan. According to State law in effect on the measurement date, employees first hired on or after July 1, 2015 are not eligible to continue health insurance coverage under the OPEB Plan after retiring. Any changes to the law will be recognized in future measurements. For eligible employees, some employers provide a direct subsidy toward the premium for certain employees; all employers provide an implicit subsidy; and the retiree pays any balance of the required premium remaining.

Funding policy. There are no assets or trust fund accumulating to pre-fund the OPEB obligation. The funding policy is to pay the OPEB obligation as it comes due each month on a pay-as-you-go basis. The total premium rate structure required for LGIP coverage is established by and may be amended by the Benefits Administration unit of the State and the State Insurance Committee. The local employer sets its own level of subsidy for the designated classification of members.

Eligibility. Eligibility to commence OPEB coverage is the same as eligibility for retirement under the Tennessee Consolidated Retirement System (TCRS), with the added conditions of (a) having being at least 10 years of employment with the employer and three continuous years of insurance coverage in the LGIP immediately prior to final termination for retirement (or age 55 with at least 20 years of such employment if only one year of such coverage) and (b) receiving a monthly pension from TCRS. Additional rules apply for OPEB coverage for TCRS-approved disabilities. Alternative conditions are made for any locally sponsored public safety retirement plan or utility board member.

TOWN OF WOODBURY, TENNESSEE

Notes to Financial Statements

June 30, 2018

Note (2) - Cash and Cash Equivalents

The Town is authorized to invest funds in Federal treasury bills and notes, State of Tennessee Local Government Investment Pool and financial institution demand deposit accounts and certificates of deposit. During the year, the Town invested funds that were not immediately needed in certificates of deposits, savings accounts and investments in the State of Tennessee Local Government Investment Pool. Deposits in financial institutions are required by State Statute to be secured and collateralized by the institutions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the town. The Town's deposits with financial institutions are fully insured or collateralized by securities held by the depository bank in the government's name. Additionally, the deposit accounts are covered by the Federal Depository Insurance Coverage (FDIC).

Note (3) - Accounts Receivable

Accounts receivable at June 30, 2018, consist of the following:

<u>Fund</u>	<u>Other Government</u>	<u>Property Taxes</u>	<u>Customer Accounts</u>	<u>Total</u>
General Fund	\$ 110,672	437,254	382	548,308
Special Revenue Funds	15,785	-	-	15,785
Enterprise Fund	-	-	534,933	534,933
Less allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>(228,777)</u>	<u>(228,777)</u>
Total	\$ <u>126,457</u>	<u>437,254</u>	<u>306,538</u>	<u>870,249</u>

TOWN OF WOODBURY, TENNESSEE

Notes to Financial Statements

June 30, 2018

Note (4) - Capital Assets

A summary of changes in capital assets as presented in the governmental activities column of the government- wide financial statements is as follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Land	\$ 111,344	-	-	111,344
Buildings	301,332	-	-	301,332
Infrastructure	303,989	146,292	-	450,281
Improvements	171,621	-	-	171,621
Equipment	<u>885,528</u>	<u>35,915</u>	<u>29,990</u>	<u>891,453</u>
Total	<u>\$ 1,773,814</u>	<u>182,207</u>	<u>29,990</u>	<u>1,926,031</u>
Less Accumulated depreciation	<u>(1,046,108)</u>			<u>(1,096,121)</u>
Net capital assets in service	<u>\$ 727,706</u>			<u>829,910</u>

All assets, except land of \$111,344, are being depreciated.

Depreciation expense was charged to functions/programs of the primary government as follows:

General Fund:

General government administration	\$ 2,142
Police department	32,910
Fire department	11,661
Streets	<u>33,290</u>
Total	<u>80,003</u>

TOWN OF WOODBURY, TENNESSEE

Notes to Financial Statements

June 30, 2018

Note (4) - Capital Assets, Continued

A summary of changes in Enterprise (Water and Sewer) Fund property, plant and equipment and related accumulated depreciation follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Land and easements	\$ 209,598	-	-	209,598
Buildings	323,940	-	-	323,940
Utility plant	16,028,879	22,875	-	16,051,754
Construction in Progress	-	152,600	-	152,600
Equipment	<u>475,952</u>	<u>30,000</u>	-	<u>505,952</u>
Total	17,038,369	<u>205,475</u>	<u>-</u>	17,243,844
Less accumulated depreciation	<u>(8,681,252)</u>			<u>(9,086,387)</u>
Net plant in service	\$ <u>8,357,117</u>			<u>8,157,457</u>

Depreciation expense was \$405,135 in 2018. All assets, except land and easement of \$209,598 and construction in progress of \$152,600, are being depreciated.

Note (5) - Long-Term Debt Payable and Other Obligations Payable

The following schedule reflects the changes in long-term debt, as shown in the Enterprise (Water and Sewer) Fund during the fiscal year 2018.

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2018</u>
Bonds and Notes Payable:				
Series 2013	\$ <u>3,222,393</u>	<u>-</u>	<u>(182,630)</u>	<u>3,039,763</u>
Total	\$ <u>3,222,393</u>	<u>-</u>	<u>(182,630)</u>	<u>3,039,763</u>

TOWN OF WOODBURY, TENNESSEE

Notes to Financial Statements

June 30, 2018

Note (5) - Long-Term Debt Payable and Other Obligations Payable, Continued

Principal and interest requirements to maturity on all outstanding bonds, loans and obligations as of June 30, 2018, are as follows:

Year Ending June 30,	<u>Water and Sewer Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2019	190,887	104,133
2020	197,653	97,367
2021	205,227	89,793
2022	212,801	82,219
2023	220,655	74,365
2024-2028	1,231,296	243,804
2029-2031	<u>781,244</u>	<u>35,126</u>
Total	<u>3,039,763</u>	<u>726,807</u>

Note (6) - Interfund Transactions- Balances

Interfund receivables and payables at June 30, 2018 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
Water and Sewer	-	31,226
Solid Waste Fund	9,771	4,986
State Street Aid Fund	-	4,986
General Fund	<u>31,427</u>	<u>-</u>
Total	<u>41,198</u>	<u>41,198</u>

The balances above relate to shared transactions during the year and will be repaid in the next fiscal year.

TOWN OF WOODBURY, TENNESSEE

Notes to Financial Statements

June 30, 2018

Note (7) - Pension Plan

General Information about the Pension Plan

Plan description. Employees of Woodbury are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits provided. Tennessee Code Annotated, Title 8, Chapter 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms. At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	15
Inactive employees entitled to but not yet receiving benefits	48
Active employees	<u>29</u>
Total	<u>92</u>

TOWN OF WOODBURY, TENNESSEE

Notes to Financial Statements

June 30, 2018

Note (7) - Pension Plan, Continued

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Woodbury makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2018, employer contributions for Woodbury were (\$115,133) based on a rate of (10.73%) percent of covered payroll. By law, actuarially determined contributions are required to be paid. The TCRS may intercept Woodbury's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Woodbury's net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.5 percent

Salary increases Graded salary ranges from 8.75 to 3.45 percent based on age, including inflation averaging 4.00 percent.

Investment rate of return 7.25 percent, net of pension plan investment expenses, including inflation.

Cost-of-Living Adjustment 2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes of assumptions: In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

TOWN OF WOODBURY, TENNESSEE

Notes to Financial Statements

June 30, 2018

Note (7) - Pension Plan, Continued

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates by return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<i>Long-term Expected</i>		
<u>Asset class</u>	<u>Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real Estate	4.32%	10%
Short-term securities	0.00%	<u>1%</u>
Total		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Woodbury will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF WOODBURY, TENNESSEE

Notes to Financial Statements

Note (7) - Pension, Continued

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension <u>Liability</u> (a)	Plan Fiduciary <u>Net Position</u> (b)	Net Pension <u>Liability (Asset)</u> (a)-(b)
Balance June 30, 2016	3,299,019	3,296,399	2,620
Changes for the year:			
Service cost	88,403		88,403
Interest cost	247,979		247,979
Difference between expected and actual experience	(116,799)		(116,799)
Changes in assumptions	121,701		121,701
Employer contributions		106,902	(106,902)
Employee contributions		49,815	(49,815)
Net investment income		373,106	(373,106)
Benefit payments, including refunds of employee contributions	(162,079)	(162,079)	0
Administrative expense		(2,461)	2,461
Other charges		-	-
Net changes	<u>179,205</u>	<u>365,283</u>	<u>(186,078)</u>
Balance June 30, 2017	<u>\$3,478,224</u>	<u>\$3,661,682</u>	<u>(\$183,458)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of Woodbury calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Woodbury's net pension Liability (asset)	250,130	(183,458)	(544,458)

TOWN OF WOODBURY, TENNESSEE

Notes to Financial Statements

June 30, 2018

Note (7) - Pension, Continued

Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense (negative pension expense). For the year ended June 30, 2018, Woodbury recognized negative pension expense of \$42,625.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2018, Woodbury reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and Actual experience	79,545	369,558
Net difference between projected and Actual earning on pension plan Investments	138	-
Changes in Assumptions	101,417	-
Contributions subsequent to the Measurement date of June 30, 2017	<u>115,133</u>	<u>-</u>
Total	<u>296,133</u>	<u>369,558</u>

The amounts shown above for ‘Contributions subsequent to the measurement date of June 30, 2017’, will be recognized as a reduction (increase) to net position liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2019	(84,716)
2020	(35,602)
2021	(5,512)
2022	(63,443)
2023	817
Thereafter	-

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

TOWN OF WOODBURY, TENNESSEE

Notes to Financial Statements

June 30, 2018

Note (8) - OTHER POSTEMPLOYMENT BENEFITS FOR RETIREE HEALTH INSURANCE

Plan description – Employees of the Town, who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Government OEB Plan (LGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired employees and disability participants of local governments, who chose coverage, participate in the LGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits provided -The Town offers the LGOP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health-savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGOP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The Town does not directly subsidize and are only subject to the implicit. The LGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement NO. 75.

Employees covered by benefit terms. At July 1, 2017, the following employees were covered by the benefit terms of the LGOP:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>43</u>
Total	<u>43</u>

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to established premium rates. For the fiscal year ended June 30, 2018, the Town paid \$63 to the LGOP for OPEB benefits as they came due.

Actuarial assumptions-The total OPEB liability on the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all the periods included in the measurement, unless otherwise specified.

TOWN OF WOODBURY, TENNESSEE

Notes to Financial Statements

Note (8) - OTHER POSTEMPLOYMENT BENEFITS FOR RETIREE HEALTH INSURANCE

Inflation - 2.25%

Salary increases - Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent.

Healthcare cost trend rates - 7.5% for 2018, decreasing annually over a 33 year period to an ultimate rate of 3.71%.

Retiree's share of benefit-related costs – Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuations were the same as those employed in the July 1, 2017, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012- June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables were used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount rate-The discount rate used to measure the total OPEB liability was 3.56 percent. This rate reflects the interest rate derived from yields on a 20 year, tax exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-year Municipal GO AA index.

Changes in assumptions-The discount rate was changed from 2.92% as of the beginning of the measurement period to 3.56% as of June 30, 2017. This change in assumption decreased the total OPEB liability.

Sensitivity of total OPEB liability to changes in the discount rate-The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.56% or 1-percentage higher 4.56% than the current discount rate.

1% Decrease	Current Discount Rate Assumption	1% Increase
<u>(2.56%)</u>	<u>(3.56%)</u>	<u>(4.56%)</u>
34,655	29,441	24,987

TOWN OF WOODBURY, TENNESSEE

Notes to Financial Statements

June 30, 2018

Note (8) - OTHER POSTEMPLOYMENT BENEFITS FOR RETIREE HEALTH INSURANCE

Sensitivity of total OPEB liability to changes in the healthcare cost trend rate – The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-lower (6.00% decreasing to 3.77%) or 1-percentage point higher (8.00 decreasing to 5.77%) than the current healthcare cost trend rate.

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
<u>(N/A)</u>	<u>(N/A)</u>	<u>(N/A)</u>
29,441	29,441	29,441

OPEB Expense

Service Cost	\$ 1,729
Interest on the Total OPEB liability	927
Current-Period Benefit Changes	0
OPEB Plan Administrative Expense	0
Recognition of Outflow/(Inflow) of Resources due to liabilities	<u>(314)</u>
Total OPEB Expense	\$ 2,342

Recognition of Deferred Outflows and Inflows of Resources

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

At the beginning of the current measurement period, the average of the expected remaining service lives for purposes of recognizing the applicable combined deferred outflows and inflows of resources established in the current measurement period is 7.9 years.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and Actual experience	-	-
Changes in assumptions	-	2,921
Contributions /Benefits paid after the Measurement date	<u>63</u>	<u>-</u>
Total	<u>63</u>	<u>2,921</u>

TOWN OF WOODBURY, TENNESSEE

Notes to Financial Statements

June 30, 2018

Note (8) - OTHER POSTEMPLOYMENT BENEFITS FOR RETIREE HEALTH INSURANCE

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in employee benefit expense as follows:

Year Ended June 30:	
2019	(314)
2020	(314)
2021	(314)
2022	(314)
2023	(314)
Thereafter	<u>(1,351)</u>
Total	(2,921)

In the table shown above, positive amounts will increase employee benefit expense while negative amounts will decrease employee benefit expense.

Plan Assets

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Note (9) - Commitments and Contingencies

Litigation:

There are no pending lawsuits in which the Town is involved.

Grants:

Amounts received from Grantor agencies are subject to audit and adjustment by Grantor agencies, principally the Federal government. Any disallowed claims including amounts already collected, could become a liability of the applicable fund.

Utility Expansion

The Town is anticipating future improvements in the next fiscal year totaling approximately \$600,000, the Town has set aside funds for this project.

TOWN OF WOODBURY, TENNESSEE

Notes to Financial Statements

June 30, 2018

Note (10) - Risk Management

The Town of Woodbury is exposed to various risks to general liability and property and casualty losses. The Town has decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability and property and casualty coverage. The Town joined TML Insurance Pool which is a public entity risk pool established by the Tennessee Municipal League, an association of member cities. The Town pays an annual premium to the TML for its general liability and property and casualty insurance coverage. The creation of the pool provides for it to be self-sustaining through member premiums. The pool reinsures through commercial insurance companies for claims in excess of \$130,000 for each insured event. The Town has not had claims in excess of insurance coverage during the last three years.

Note (11) - Lease Income

The Town receives rental income for the use of the Town's water tower by a business. The lease term began September, 2000, and is for five years with an option to renew. Rental income from this source totaled \$15,972 for the year ended June 30, 2018.

Note (12) - Restatement

The Town of Woodbury has restated its beginning Net Position to account for the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions and to provide for certain accrued vacation time.

REQUIRED
SUPPLEMENTARY
INFORMATION

TOWN OF WOODBURY, TENNESSEE

Schedule of Required Supplementary Information

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS

Last Fiscal Year ending June 30

	2014	2015	2016	2017
Total pension liability (asset)				
Service cost	\$ 80,274	\$ 83,573	\$ 86,974	\$ 88,403
Interest	\$ 243,339	\$ 230,789	\$ 253,605	\$ 247,979
Changes in benefit terms	-	-	\$ -	\$ -
Differences between actual & expected experience	\$ (348,360)	\$ 159,093	\$ (234,158)	\$ (116,799)
Change of assumptions	-	-	-	\$ 121,701
Benefit payments, including refunds of employee contributions	\$ (150,121)	\$ (141,639)	\$ (203,650)	\$ (162,079)
Net change in total pension liability (asset)	\$ (174,868)	\$ 331,816	\$ (97,229)	\$ 179,205
Total pension liability (asset)-beginning	\$ 3,239,300	\$ 3,064,432	\$ 3,396,248	\$ 3,299,019
Total pension liability (asset)-ending (a)	\$ 3,064,432	\$ 3,396,248	\$ 3,299,019	\$ 3,478,224
Plan fiduciary net position				
Contributions-employer	\$ 103,241	\$ 105,855	\$ 104,613	\$ 106,902
Contributions-employee	\$ 46,583	\$ 50,174	\$ 48,754	\$ 49,815
Net investment income	\$ 448,477	\$ 97,120	\$ 85,694	\$ 373,106
Benefit payments, including refunds of employee contributions	\$ (150,121)	\$ (141,639)	\$ (203,650)	\$ (162,079)
Administrative expense	\$ (1,093)	\$ (1,513)	\$ (2,194)	\$ (2,461)
Other	-	-	-	-
Net change in plan fiduciary net position	\$ 447,087	\$ 109,997	\$ 33,217	\$ 365,283
Plan fiduciary net position-beginning	\$ 2,706,098	\$ 3,153,185	\$ 3,263,182	\$ 3,296,399
Plan fiduciary net position-ending (b)	\$ 3,153,185	\$ 3,263,182	\$ 3,296,399	\$ 3,661,682
Net Pension Liability (asset)-ending (a) - (b)	\$ (88,753)	\$ 133,066	\$ 2,620	\$ (183,458)
Plan fiduciary net position as a percentage of total pension liability	102.90%	96.08%	99.92%	105.27%
Covered payroll	\$ 931,669	\$ 986,531	\$ 975,072	\$ 996,292
Net pension liability (asset) as a percentage of covered payroll	-9.53%	13.49%	0.27%	-18.41%

Changes of assumptions. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

TOWN OF WOODBURY, TENNESSEE

**Schedule of Contributions Based on Participation in the
Public Employee Pension Plan of TCRS**

For the Year Ended June 30, 2018

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution	103,241	105,855	104,613	106,902	115,133
Contributions in relation to the actuarially determined contribution	<u>103,241</u>	<u>105,855</u>	<u>104,613</u>	<u>106,902</u>	<u>115,133</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered-employee payroll	<u>931,669</u>	<u>986,531</u>	<u>975,072</u>	<u>996,292</u>	<u>1,114,199</u>
Contributions as a percentage covered-employee payroll	11.08%	10.73%	10.73%	10.73%	10.73%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

Notes to Schedule

Valuation date: Actuarially determined contribution rates for fiscal year 2018 were calculated based on the June 30, 2017 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation
Investment Rate of Return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.5 percent

TOWN OF WOODBURY, TENNESSEE

Schedule of Required Supplementary Information- OPEB

Schedule of Changes in Total OPEB Liability and Related Ratios

Measurement Year ending June 30, 2017

	2017
Total OPEB Liability	
Service Cost	\$ 1,729
Interest on the Total OPEB Liability	\$ 927
Change in Benefit Terms	\$ -
Difference between expected and actual experience of the Total OPEB Liability	\$ -
Changes in assumptions and other inputs	\$ (3,235)
Benefit payments	\$ -
Net change in Total OPEB Liability	\$ (579)
Total OPEB Liability - Beginning	\$ 30,020
Total OPEB Liability - Ending	\$ 29,441

Estimated Covered -Employee Payroll N/A

Total OPEB Liability as a Percentage of Covered- Employee Payroll N/A

Notes to Schedule

Valuation Date: June 30, 2017

Measurement Date: June 30, 2017

Methods and Assumptions Used to Determine Total OPEB Liability:

Actuarial Cost Method: Entry Age Normal

Inflation: 2.25%

Discount Rate: 3.56%

Salary Increases: Salary increase rates used in the July 1, 2017 actuarial valuation of the Tennessee Consolidated Retirement System; 3.44%-8.72%, including inflation.

Retirement Age: Retirement rates used in the July 1, 2017 actuarial valuation of the Tennessee Consolidated Retirement System (TCRS). They are based on the results of a statewide experience study (undertaken on behalf of TCRS).

Mortality: Mortality tables used in the July 1, 2017 actuarial valuation of the Tennessee Consolidated Retirement System. They are based on the results of a statewide experience study (undertaken on behalf of TCRS).

Healthcare Cost Trend Rates: Based on the Getzen Model, with trend starting at 7.50% for 2018 calendar year, and gradually decreasing 33-year period to an ultimate trend rate of 3.53% with 0.18% added to approximate the effect of the excise tax.

Aging factors: Based on the 2013 SOA Study "Health Care Costs- From Birth to Death".

Expenses: Administrative expenses are included in the per capita health costs.

Other Information:

Notes See the Actuarial Valuation Report as of July 1, 2017 (dated July 16, 2018).

Changes in assumptions and other inputs include the change in the discount rate from 2.92% as of the beginning of the measurement period to 3.56% as of June 30, 2017. This change is reflected in the Schedule of Changes in Total OPEB Liability.

There were no benefit changes during the measurement period.

**SUPPLEMENTAL
INFORMATION**

TOWN OF WOODBURY, TENNESSEE

Capital Assets Used in the Operation of the Governmental Funds

Schedule of Changes in Capital Assets By Type

June 30, 2018

<u>Description</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2018</u>
Land	\$111,344	0	0	111,344
Buildings	301,332	0	0	301,332
Infrastructure	303,989	146,292	0	450,281
Improvements	171,621	0	0	171,621
Equipment and vehicles	<u>885,528</u>	<u>35,915</u>	<u>29,990</u>	<u>891,453</u>
Total Assets	<u>\$1,773,814</u>	<u>182,207</u>	<u>29,990</u>	<u>1,926,031</u>

TOWN OF WOODBURY, TENNESSEE

Capital Assets Used in the Operation of the Governmental Funds

Schedule of Capital Assets By Function and Activity

June 30, 2018

<u>Description</u>	<u>Land</u>	<u>Buildings</u>	<u>Infrastructure and Improvements</u>	<u>Equipment</u>	<u>Total</u>
General Government	\$111,344	119,676	0	17,829	248,849
Police Department	0	100,646	9,427	265,456	375,529
Fire Department	0	0	0	271,604	271,604
Streets Department	0	0	454,881	38,701	493,582
Parks Department	0	81,010	157,594	119,080	357,684
Sanitation	0	0	0	178,783	178,783
Total Capital Assets	<u>\$111,344</u>	<u>301,332</u>	<u>621,902</u>	<u>891,453</u>	<u>1,926,031</u>

TOWN OF WOODBURY, TENNESSEE

Schedule of Cash and Cash Equivalents and Certificate of Deposits
All Funds

June 30, 2018

	<u>Carrying Value</u>
General Fund:	
Demand deposits	\$2,397,589
Certificate of deposit	642,918
Total General Fund	<u>3,040,507</u>
State Street Aid Fund:	
Demand deposits	246,282
Total State Street Aid Fund	<u>246,282</u>
Drug Fund:	
Demand deposits	23,494
Total Drug Fund	<u>23,494</u>
Solid Waste Fund:	
Demand deposits	16,477
Total Solid Waste Fund	<u>16,477</u>
Water and Sewer Fund:	
Demand deposits	1,202,005
Certificate of deposit	2,791,940
Total Water and Sewer Fund	<u>3,993,945</u>
Total Cash and Cash Equivalents - All Funds	<u><u>\$7,320,705</u></u>

TOWN OF WOODBURY, TENNESSEE

Schedule of Changes in Property Taxes Receivable

For the Year Ended June 30, 2018

<u>Tax Year</u>	<u>Balance July 1, 2017</u>	<u>Levy</u>	<u>Collections and Changes in Assessment</u>	<u>Balance June 30, 2018</u>
2018	\$ -	410,736	0	410,736
2017	408,513	0	384,711	23,802
2016	26,759	0	26,273	486
2015	1,929	0	0	1,929
2014	1,105	0	804	301
	<u>\$438,306</u>	<u>410,736</u>	<u>411,788</u>	<u>437,254</u>

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>Tax Adjustment and Collections</u>	<u>Outstanding Delinquent Taxes</u>
2018	\$ 1.060	\$ 410,736	\$ 0	\$ 410,736
2017	1.060	408,513	384,711	23,802
2016	1.060	403,127	402,641	486
2015	1.060	416,657	414,728	1,929
2014	1.015	412,952	412,651	301
2013	1.015	431,070	431,070	0
2012	0.99	412,785	412,785	0
2011	0.99	431,562	431,562	0
2010	0.99	430,976	430,976	0
2009	0.99	431,466	431,466	0

All delinquent taxes have been turned over to the County.

TOWN OF WOODBURY, TENNESSEE

**Schedule of Debt Service Requirements-
Water and Sewer Fund**

June 30, 2018

<u>Year</u>	<u>2013 SERIES</u>		<u>TOTALS</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	190,887	104,133	190,887	104,133
2020	197,653	97,367	197,653	97,367
2021	205,227	89,793	205,227	89,793
2022	212,801	82,219	212,801	82,219
2023	220,655	74,365	220,655	74,365
2024	228,606	66,414	228,606	66,414
2025	237,236	57,784	237,236	57,784
2026	245,992	49,028	245,992	49,028
2027	255,071	39,949	255,071	39,949
2028	264,391	30,629	264,391	30,629
2029	274,243	20,777	274,243	20,777
2030	284,364	10,656	284,364	10,656
2031	222,637	3,693	222,637	3,693
	<u>3,039,763</u>	<u>726,807</u>	<u>3,039,763</u>	<u>726,807</u>

TOWN OF WOODBURY, TENNESSEE

Schedule of Insurance Coverage

June 30, 2018

<u>Type of Coverage</u>		<u>Amounts</u>
Commercial Property	Buildings and equipment	Various
Auto Liability	Per occurrence	600,000
	Personal injury	250,000
	Property	50,000
Public officials	Errors and omission	1,000,000
General liability	Per occurrence	350,000
	Personal injury	130,000
	Property	50,000
Errors and Omissions		100,000
Worker's compensation		Statutory
Employee dishonesty bond	Per employee	100,000

TOWN OF WOODBURY, TENNESSEE

Schedule of Bonds - Principal Officials

June 30, 2018

<u>Official</u>	<u>Title</u>	<u>Bond</u>
Elected Officials:		
Andrew Duggin	Mayor	100,000
LuAnn Curlee	Alderman	-
Harold Patrick	Alderman	-
Faye Knox	Alderman	-
Adam Melton	Alderman	-
Lois Larimer	Alderman	-
Dotty Duggin	Alderman	-
Management:		
Charlene Odom	Town Recorder	100,000

TOWN OF WOODBURY, TENNESSEE

Schedule of Utility Rates and Information

June 30, 2018

<u>Water Rates</u>	<u>Inside City</u>
First 2,000 gallons	\$13.75 Minimum charge
Over 2,000 gallons	\$4.00 per 1,000 gallons
<u>Water Rates</u>	<u>Outside City</u>
First 2,000 gallons	\$18.15 Minimum charge
Over 2,000 gallons	\$7.80 per 1,000 gallons
<u>Sewer Rates</u>	<u>Inside City</u>
First 2,000 gallons	\$15.85 Minimum charge
Over 2,000 gallons	\$5.00 per 1,000 gallons

There were approximately 3,500 water and 1,145 sewer customers at year-end.



AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0
American Water Works Association
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Click to access definition
Click to add a comment

Water Audit Report for: Woodbury Water (0000756)
Reporting Year: 2018 7/2017 - 6/2018

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

WATER SUPPLIED

←----- Enter grading in column 'E' and 'J' ----->

Volume from own sources:	<input type="button" value="+"/> <input type="button" value="8"/>	<input type="text" value="291.029"/>	MG/Yr
Water imported:	<input type="button" value="+"/> <input type="button" value="9"/>	<input type="text" value="13.002"/>	MG/Yr
Water exported:	<input type="button" value="+"/> <input type="button" value="n/a"/>	<input type="text" value=""/>	MG/Yr

Master Meter and Supply Error Adjustments

Pcnt:	Value:	MG/Yr
<input type="button" value="+"/> <input type="button" value="0.114"/>	<input type="radio"/> <input checked="" type="radio"/>	<input type="text" value="0.114"/>
<input type="button" value="+"/> <input type="button" value="0.25"/>	<input type="radio"/> <input checked="" type="radio"/>	<input type="text" value="0.25"/>
<input type="button" value="+"/> <input type="button" value="3.50"/>	<input type="radio"/> <input checked="" type="radio"/>	<input type="text" value="0.010"/>

Enter negative % or value for under-registration
Enter positive % or value for over-registration

WATER SUPPLIED: MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	<input type="button" value="+"/> <input type="button" value="9"/>	<input type="text" value="187.862"/>	MG/Yr
Billed unmetered:	<input type="button" value="+"/> <input type="button" value="8"/>	<input type="text" value="0.173"/>	MG/Yr
Unbilled metered:	<input type="button" value="+"/> <input type="button" value="9"/>	<input type="text" value="36.331"/>	MG/Yr
Unbilled unmetered:	<input type="button" value="+"/> <input type="button" value="8"/>	<input type="text" value="0.114"/>	MG/Yr

Click here:
for help using option
buttons below

<input type="radio"/> <input checked="" type="radio"/>	<input type="text" value="0.114"/>	MG/Yr
--	------------------------------------	-------

Use buttons to select
percentage of water
supplied
OR
value

AUTHORIZED CONSUMPTION: MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

MG/Yr

Apparent Losses

Unauthorized consumption: MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:	<input type="button" value="+"/> <input type="button" value="8"/>	<input type="text" value="8.131"/>	MG/Yr
Systematic data handling errors:	<input type="button" value="+"/> <input type="button" value="8"/>	<input type="text" value="0.010"/>	MG/Yr

Apparent Losses: MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: MG/Yr

WATER LOSSES: MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	<input type="button" value="+"/> <input type="button" value="7"/>	<input type="text" value="70.0"/>	miles
Number of active AND inactive service connections:	<input type="button" value="+"/> <input type="button" value="9"/>	<input type="text" value="4,233"/>	
Service connection density:	<input type="button" value="?"/>	<input type="text" value="60"/>	conn./mile main

Are customer meters typically located at the curbside or property line?

(length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: psi

COST DATA

Total annual cost of operating water system:	<input type="button" value="+"/> <input type="button" value="9"/>	<input type="text" value="\$1,304,302"/>	\$/Year
Customer retail unit cost (applied to Apparent Losses):	<input type="button" value="+"/> <input type="button" value="9"/>	<input type="text" value="\$7.89"/>	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	<input type="button" value="+"/> <input type="button" value="9"/>	<input type="text" value="\$1,520.62"/>	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 83 out of 100 ***

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

- 1: Volume from own sources
- 2: Unauthorized consumption
- 3: Billed unmetered



AWWA Free Water Audit Software: System Attributes and Performance Indicators

WAS v5.0
American Water Works Association
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Water Audit Report for:
Reporting Year:

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 83 out of 100 ***

System Attributes:

	Apparent Losses:	8.901	MG/Yr
+	Real Losses:	70.650	MG/Yr
=	Water Losses:	79.551	MG/Yr

Unavoidable Annual Real Losses (UARL): MG/Yr

Annual cost of Apparent Losses:

Annual cost of Real Losses: Valued at **Variable Production Cost**

Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial:	{	Non-revenue water as percent by volume of Water Supplied:	38.2%	
		Non-revenue water as percent by cost of operating system:	17.9%	Real Losses valued at Variable Production Cost

Operational Efficiency:	{	Apparent Losses per service connection per day:	5.76	gallons/connection/day
		Real Losses per service connection per day:	45.73	gallons/connection/day
		Real Losses per length of main per day*:	N/A	
		Real Losses per service connection per day per psi pressure:	0.83	gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): million gallons/year

Infrastructure Leakage Index (ILI) [CARL/UARL]:

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

TOWN OF WOODBURY, TENNESSEE

Schedule of Federal and State Financial Assistance

For the Year Ended June 30, 2018

<u>CFDA Number</u>	<u>State Grant Number</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Receivable (Deferred) Balance June 30, 2017</u>	<u>Grant Receipts</u>	<u>Other Disbursements</u>	<u>Grant Expenditures</u>	<u>Receivable (Deferred) Balance June 30, 2018</u>
20.607	Z18THS397	Governors Highway Safety SAFE Woodbury	TN. Dept of Transportation	<u>0</u>	<u>7,052</u>	<u>0</u>	<u>8,443</u>	<u>1,391</u>
			Total	<u>0</u>	<u>7,052</u>	<u>0</u>	<u>8,443</u>	<u>1,391</u>

This schedule prepared on the accrual basis of accounting.

COMPLIANCE AND INTERNAL CONTROL

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
HENDERSONVILLE, TN 37075

(615) 822-4177

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mayor and Board of Aldermen
Town of Woodbury, Tennessee
Woodbury, Tennessee

I have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund of the Town of Woodbury as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Woodbury's basic financial statements, and have issued a report thereon dated October 31, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Woodbury's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Woodbury's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Woodbury's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during the audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Woodbury's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit and, accordingly, I do not express such an opinion. The results of the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of the testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Juli R Poole, CPA

October 31, 2018

TOWN OF WOODBURY, TENNESSEE

Schedule of Disposition of Prior Year Comments

June 30, 2018

There were no prior year comments.